99TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
99-177

AUTHORIZING APPROPRIATIONS FOR LANDSAT COMMERCIALIZATION

JUNE 20, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. FUQUA, from the Committee on Science and Technology, submitted the following

REPORT

[To accompany H.R. 2800]

The Committee on Science and Technology, to whom was referred the bill (H.R. 2800) to provide authorization of appropriations for activities under the Land Remote-Sensing Commercialization Act of 1984, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill, H.R. 2800, is to amend the Land Remote-Sensing Commercialization Act of 1984 to provide full authorization for the transfer to the private sector of the Federal Government's civil land remote-sensing satellite (Landsat) system. The bill authorizes appropriations of $295 million for fiscal years 1985 through 1989, of which not more than $125 million shall be available for fiscal years 1985 and 1986.

BACKGROUND AND NEED FOR THE LEGISLATION

The Landsat system has been operated by the Federal Government since 1972, most recently by the National Oceanic and Atmospheric Administration. Landsat orbits the earth and generates data which are useful for agriculture, hydrology, cartography, and non-renewable resource exploration.

On March 8, 1983, the President announced his intent to commercialize the Landsat system. The Congress responded by passing the Land Remote-Sensing Commercialization Act of 1984, which was signed into law (Public Law 98-365) on July 17, 1984. Titles II and III of the Act direct the Department of Commerce to solicit

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and evaluate bids for the commercial operation of the current Landsat system and for the development and operation of a follow-on system. Section 609 of the Act authorizes $75 million for Landsat transitional support for fiscal year 1985 but does not establish any limit on the overall level of federal support.

Pursuant to the Act, the Department of commerce evaluated seven bids from the private sector. Concurrently, the Office of Management and Budget became involved in the Landsat commercialization process by establishing a $250 million limit on federal transitional support. The Department of Commerce subsequently decided to contract with the Earth Observation Satellite Company (EOSAT) for the activities mandated in Titles II and III of the Act.

Contractual negotiations between the Department of Commerce and EOSAT are now virtually completed. The contract specifies that EOSAT will construct two satellites (Landsat 6 and 7) and a new ground station at a cost to the Federal Government of $250 million, and that the Federal Government will provide $45 million to cover the cost of two launches on the space shuttle. The total cost to the Federal Government will be $295 million, which represents a significant savings (roughly one-half) in comparison to the cost of continued Federal operation of Landsat.

On May 22, 1985, the President sent to the Congress a funding request for a $75 million fiscal year 1985 supplemental appropriation and a $50 million fiscal year 1986 appropriation to support funding of the EOSAT contract.

On June 13, 1985, the Subcommittee on Natural Resources, Agriculture Research and Environment and the Subcommittee on Space Science and Applications held a joint hearing to review: (i) whether the negotiated agreement conforms with the provisions of the Land Remote-Sensing Commercialization Act of 1984; (ii) whether the contract represents a "good deal" for the taxpayer; and (iii) whether the Committee should proceed to authorize the full funding needed to support the contract. On June 18, 1985, in response to the testimony received at that hearing, as well as other information, Mr. Scheuer (with Mr. Fuqua, Mr. Lujan, Mr. Walker, Mr. Nelson, and Mrs. Schneider) introduced H.R. 2800, to authorize appropriations for activities under the Land Remote-Sensing Commercialization Act of 1984.

The Committee believes that the agreement conforms with all applicable laws; that it is in the best interests of the taxpayer; and that full funding should be authorized to signal the Committee's full support for this transition to private operation. Indeed the transition must be fully made and fully funded or not made at all, for partial funding would guarantee failure.

In summary, the Committee endorses the President's funding request for 1985 and 1986, as well as the overall funding requirements of the contract, and recommends amending the Land Remote-Sensing Commercialization Act of 1984 to provide full authorization for Landsat commercialization. The level of spending provided in H.R. 2800 for the fiscal years 1985 and 1986 conforms with the President's request for those years.

SECTION-BY-SECTION ANALYSIS

The bill amends Section 609 of the Land Remote-Sensing Commercialization Act of 1984 to authorize $295 million for the fiscal years 1985 through 1989 to implement the provisions of Titles II and III of the Act, provided that no more than $125 million will be available in fiscal years 1985 and 1986.

The Committee notes that Section 609 of the 1984 Act states that the funds authorized will not be made available until the time periods specified in Sections 202(c) and 303(c) of the 1984 Act have expired. Pursuant to Sections 202(c) and 303(c), the Committee expects the Secretary of Commerce to inform the Congressional authorizing Committees of the Secretary's intent to enter into a contract pursuant to Titles II and III of the Act. The Committee understands that the Secretary is currently in the process of preparing this notification.

The Committee requests that the Secretary also promptly prepare a report to the authorizing Committees of the House and the Senate on whether the contract does or should provide for insurance of the satellites, as, for example against launch failure. The report should also discuss avenues of recourse open to the Federal Government in case of possible operational or launch failures.

The funds authorized by H.R. 2800 are intended to fund the construction and launch of two land remote-sensing satellites but not operating costs. The Committee has been informed that the construction of two satellites and a new ground station will cost the Federal Government $250 million and that the two launches will cost an additional $45 million, and the Committee expects these estimates to be met. The Committee does not intend to authorize additional funds for this purpose.

The Committee understands that both satellites are to be launched by the National Aeronautics and Space Administration (NASA) on the Space Shuttle and the Committee supports this decision. The Committee also understands that the Administration's funding request for fiscal year 1985 includes a $35 million prepayment to NASA for launch costs. The Committee supports this decision and expects to be advised as to when the final $10 million payment will be made. The Committee wishes to be informed immediately if either of these assumptions is changed.

The Committee does not intend for the authorization provided by H.R. 2800 to pertain to the provisions of Titles IV, V, or VI of the Land Remote-Sensing Commercialization Act of 1984. The Committee does intend, however, to exercise vigorous oversight of the implementation of these provisions. Committee oversight will include, where appropriate, further hearings and legislation.

The Committee looks forward to receipt of the remote-sensing report required by Section 501(e) of the Act and to regular updates on the status of the regulations required for the licensing of commercial remote-sensing activities.

CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

In compliance with Rule XIII, clause 3, of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is

enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

THE LAND REMOTE-SENSING COMMERCIALIZATION ACT OF 1984

Section 609 of That Act

AUTHORIZATION OF APPROPRIATIONS

SEC. 609. (a) There are authorized to be appropriated to the Secretary [$75,000,000 for fiscal year 1985] *$295,000,000 for fiscal years 1985 through 1989, of which not more than $125,000,000 shall be available for fiscal years 1985 and 1986,* for the purpose of carrying out the provisions of this Act. Such sums shall remain available until expended, but shall not become available until the time periods specified in Sections 202(c) and 303(c) have expired.

(b) * * *

COST AND BUDGET DATA

In accordance with the requirements of Section 252(b) of the Legislative Reorganization Act of 1970, the Committee notes that this bill contains an authorization of $295 million spread over five years, with a maximum of $125 million in fiscal years 1985 and 1986. Thus, no more than $170 million is authorized for fiscal years 1987, 1988, and 1989.

Because P.L. 98-365 had already authorized $75 million for fiscal year 1985, we are here dealing with only an additional $50 million for fiscal years 1985 and 1986, to make the total that would be authorized for these two years $125 million. In the out-years 1987, 1988, and 1989, the authorized spending would be $57, $57, and $56 million, respectively, to total $295 million. Thus, this bill authorizes no spending over $57 million for any one year.

Because this funding is being provided to transfer a system to the private sector, in the long-term there will be a net decrease in federal expenditures, which would average about $150 million per year if the Federal Government continued to operate the Landsat system.

OVERSIGHT FINDINGS AND RECOMMENDATIONS, COMMITTEE ON GOVERNMENT OPERATIONS

No findings or recommendations on oversight activity pursuant to Rule X, clause 2(b)(2), and Rule XI, clause 2(l)(3)(D), of the Rules of the House of Representatives have been submitted by the Committee on Government Operations for inclusion in this report.

OVERSIGHT FINDINGS AND RECOMMENDATIONS, COMMITTEE ON SCIENCE AND TECHNOLOGY

No oversight findings and recommendations pursuant to Rule XI, clause 2(l)(3)(A), by the Committee on Science and Technology under the authority of Rule X, clause 2(b)(1) and clause (3)(f), of the Rules of the House of Representatives have been prepared since the convening of the 99th Congress.

Effect of Legislation on Inflation

In accordance with Rule XI, clause 2(l)(4), of the Rules of the House of Representatives, this legislation is assessed to have no adverse inflationary effect on prices and costs in the operation of the national economy.

In the long term, the Committee believes that the legislation will help to create a viable U.S. commercial presence in land remote-sensing. A profitable space industry of this sort would, of course, act to mitigate inflation, not only by obviating the need for federal expenditures, but also by creating both a source of tax revenues for the Federal Government and a commodity that U.S. industry could market internationally.

Agency Recommendations

On June 7, 1985 Malcolm Baldrige, Secretary of Commerce, sent to the Speaker a bill "to authorize appropriations for the commercialization and operation of a civil land remote-sensing satellite system by the Department of Commerce, and for other purposes." The funds requested for commercialization in that bill are the same as in the bill reported on herein—namely, $295 million.

Thus H.R. 2800 is in accord with the program of the President.

Congressional Budget Office Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, June 20, 1985.

Hon. Don Fuqua,
Chairman, Committee on Science and Technology, House of Representatives, Rayburn House Office Building, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for H.R. 2800, a bill to provide authorization of appropriations for activities under the Land Remote-Sensing Commercialization Act of 1984.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

Rudolph G. Penner.

1. Bill number: H.R. 2800.

2. Bill title: A bill to provide authorization of appropriations for activities under the Land Remote-Sensing Commercialization Act of 1984.

3. Bill status: As ordered reported by the House Committee on Science and Technology, June 20, 1985.

4. Bill purpose: H.R. 2800 would increase the amount authorized for appropriation under the Landsat Remote-Sensing Commercialization Act from $75 million to $295 million. The additional $220 million would be authorized through fiscal year 1989, but only an additional $50 million could be appropriated through fiscal year 1986.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1985	1986	1987	1988	1989
Additional authorization level	50	.....	57	57	56
Estimated outlays	.....	50	57	57	56

The costs of this bill fall within budget function 300.

Basis of estimate: For purposes of this estimate, it is assumed that H.R. 2800 will be enacted during fiscal year 1985 and that the additional sums authorized for 1985 and 1986, as well as the $75 million already authorized, will be appropriated in 1985. The remaining funds are assumed to be appropriated evenly over the 1987–1989 period. Outlays have been estimated on the basis of information obtained from the National Oceanographic and Atmospheric Administration.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Deb Reis.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Committee Recommendation

The Committee favorably reported the bill H.R. 2800 by voice vote, a quorum being present, and recommends its enactment.

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